

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 123 – HB 394

February 20, 2023

SUMMARY OF BILL: Creates the *Tennessee Meat and Meat Products Inspection Act*. Removes all references to meat, livestock, and deer from the *Tennessee Meat and Poultry Inspection Act*. Requires the Commissioner of the Department of Agriculture (DOA) to develop and administer an intrastate meat inspection program with requirements at least equal to those imposed by the federal *Meat Inspection Act* and to cooperate with the United States Department of Agriculture (USDA) to do so. Authorizes DOA to spend state funds to pay 50 percent of the state's estimated total cost of the cooperative program between the department and the federal government.

Establishes various felony and misdemeanor offenses related to interfering with the various provisions of this legislation. Sets out various fines and penalties for such violations. Authorizes DOA to assess a \$25 civil penalty for failure of a person filing a required report.

Effective upon becoming law for purposes of implementing the Act. Effective January 1, 2024 for all other purposes.

FISCAL IMPACT:

Increase State Revenue –

\$1,217,900/FY23-24/General Fund

\$892,200/FY24-25 and Subsequent Years/General Fund

Increase State Expenditures –

\$1,217,900/FY23-24/Agricultural Regulatory Fund

\$892,200/FY24-25 and Subsequent Years/Agricultural Regulatory Fund

Other Fiscal Impact - This legislation states that the Department of Agriculture may spend public funds of this state appropriated for administration of these inspections, equal to 50 percent of the state's estimated costs of the cooperative program administered jointly by the department and the USDA; however, any responsibility of the USDA cannot be dictated nor assumed by this legislation; therefore, all estimated expenditures are assumed to be incurred at the state level.

Assumptions:

- The USDA currently inspects all meat facilities in the state except custom slaughterhouses.
- Federal law authorizes states to establish state meat and/or poultry inspection programs, which is not currently established under the *Tennessee Meat and Poultry Inspection Act*. This legislation requires a meat inspection program, but does not require such inspections for poultry.
- This legislation will have no direct impact upon the current duties of the USDA regarding food inspection, under the doctrine of preemption; therefore, this legislation is estimated to have no significant impact upon duties or funds made and spent by the federal government.
- Based on previous information provided by the DOA, the department will require the following additional positions in order to carry out the provisions of this legislation: three veterinarians, three animal health technicians, one public health regulatory administrator, and one administrative assistant.
- It is assumed the positions will be filled July 1, 2023.
- There will be a one-time increase in state expenditures in FY23-24 of \$9,600 for computers.
- There will be an increase of state expenditures of \$766,775 (\$526,332 salaries + \$146,043 benefits + \$84,800 travel and supplies + \$9,600) in FY23-24.
- There will be a recurring increase in state expenditures of \$757,175 (\$526,332 salaries + \$146,043 benefits + \$84,800 travel and supplies) in FY24-25 and subsequent years.
- To fulfill the requirements of this legislation, laboratory equipment and services will be necessary. There will be a one increase in state expenditures of \$250,000 to purchase equipment in FY23-24.
- Further, due to the necessity of travel for inspections, there will be a one-time increase of expenditures of \$133,600 for vehicle purchases in FY23-24.
- There will be a recurring increase in state expenditures of \$135,000 (\$50,000 in laboratory supplies + \$85,000 in outsourcing testing) in FY24-25 and subsequent years.
- Due to the January 1, 2024 effective date, FY23-24 will only require 50 percent of the supplies and outsource testing of a full fiscal year. There will be an increase in state expenditures of \$67,500 [(\$50,000 in laboratory supplies + \$85,000 in outsourcing testing) x 50%] in FY23-24.
- The total increase in state expenditures in FY23-24 will be \$1,217,875 (\$766,775 staff + \$250,000 lab equipment + \$133,600 vehicles + \$67,500 supplies and outsourcing).
- The total increase in state expenditures in FY24-25 and subsequent years will be \$892,175 (\$757,175 + \$135,000).
- Pursuant to Tenn. Code Ann. §43-1-703(c), the DOA will set license, permit, and inspection fees to offset the additional costs incurred due to this legislation.
- It is assumed all businesses will apply for licensure between January 1, 2024 and June 30, 2024.
- There will be a recurring increase to state revenue of \$1,217,875 in FY23-24 and a recurring increase in state revenue of \$892,175 in FY24-25 and subsequent years to the Agricultural Regulatory Fund.

- Although this legislation states that the DOA may spend public funds of this state appropriated for administration of these inspections, equal to 50 percent of the state's estimated costs of whatever cooperative program administered jointly by the DOA and the USDA, any responsibility of the USDA cannot be dictated nor assumed by this legislation; therefore, all estimated expenditures are assumed to be incurred at the state level.
- Any impact on the court system or incarcerations related to violations set forth in this legislation is estimated to be not significant.
- Based on the Fiscal Review Committee's 2008 study and the Administrative Office of the Courts' 2012 study on collection of court costs, fees, and fines, collection in criminal cases is insignificant. The proposed legislation will not significantly increase local revenue.
- Collections from civil penalties will not result in a significant increase in state revenue to the DOA.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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